

**Oral Testimony of Kevin M. Dempsey  
President and Chief Executive Officer  
American Iron and Steel Institute**

Hearing on the Operation of the Agreement between the United States of America,  
the United Mexican States, and Canada (USMCA)

Before the Office of the United States Trade Representative  
Washington, DC

December 4, 2025

Good afternoon. The American steel industry strongly supported the adoption of the USMCA to modernize and strengthen several key aspects of the NAFTA. In particular, we supported efforts to bolster steel-intensive manufacturing supply chains in North America through the adoption of stricter rules of origin for automobiles and certain other manufactured goods.

However, the benefits of the USMCA have been eroded by increasing volumes of steel imports into Mexico and Canada from other regions of the world. This increase in non-North American steel imports is one consequence of the global steel overcapacity crisis that has plagued the industry in recent years. Foreign government subsidies and other market-distorting policies and practices have created massive global overcapacity in steel, fueling surges in exports from one region of the world to another, as producers in countries with overcapacity export their excess production to other markets.

By contrast to the situation in Mexico and Canada, non-North American steel imports into the United States have declined over the last ten years. This is due in significant part to the imposition of Section 232 tariffs, together with targeted antidumping and countervailing duty relief. But the lack of equivalent trade relief on steel imports into Mexico and Canada has allowed non-North American steel to take a larger and growing share of those two markets.

These increasing volumes of imports of steel products into Mexico and Canada have reduced opportunities for American steel manufacturers to increase their sales in this region and undercut efforts at building stronger North American steel supply chains that would benefit the American steel industry. Addressing this situation is an industry priority for the review of the USMCA.

AISI filed detailed comments with USTR setting forth several recommended actions to promote balanced trade, new market access, and alignment with Mexico and Canada on economic security. I will briefly summarize those recommendations as follows:

First, Mexico and Canada should each adopt a steel tariff regime equivalent in restrictive effect to the current Section 232 steel tariffs, creating in effect a common external steel tariff for all of North America. Such measures are necessary to address the impacts of global steel overcapacity and to address transshipment, circumvention and evasion. To be effective, the Mexican and Canadian steel tariffs must be fully consistent with the steel Section 232 program in terms of tariff level and product and country coverage. In particular, it is essential that there not be carveouts from the tariffs for selected countries due to existing free trade agreements or similar arrangements.

Second, we recommend establishing a new melted and poured rule of origin for all steel products to qualify as originating in North America under the USMCA and for Section 232 and equivalent tariff regimes in Mexico and Canada. And the USMCA marking rules for steel products must also be amended to reflect this updated “melted and poured” rule of origin to prevent steel from outside the region from evading tariffs or accruing other benefits under the USMCA.

Third, we support creation of stronger USMCA rules of origin to incentivize the use of North American steel in manufactured products, such as automobiles and light trucks. The lists of core, principal and complementary parts subject to regional value content requirements should be updated and the list of steel products and the percentage threshold for the OEM North American steel purchasing requirement should be updated to maintain the intended incentives for using North American steel

Fourth, we urge significant reforms to temporary importation, duty-drawback and duty deferral programs within North America. To ensure that tariffs collected on non-North American steel have their desired market impact, all programs that effectively allow the waiver or refund of duties on imported goods must be revised to ensure that they cannot be used to avoid or circumvent tariffs and other duties on steel and derivative products.

Fifth, to combat circumvention and evasion of tariffs and other measures, all North American governments should collect and publish in a timely manner import data on all steel and derivative products and include data on the country where the steel was melted and poured.

Sixth, we support enhancing cooperation between North American customs authorities to address transshipment, circumvention and evasion of trade measures, as well as to address customs misclassification and undervaluation.

We believe that these actions will improve market conditions for American steel producers and ensure that the intended benefits of the USMCA are in fact achieved. Thank you for the opportunity to testify today. I would be happy to answer any questions.